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## Employment Cost Index for the Midwest June 2001

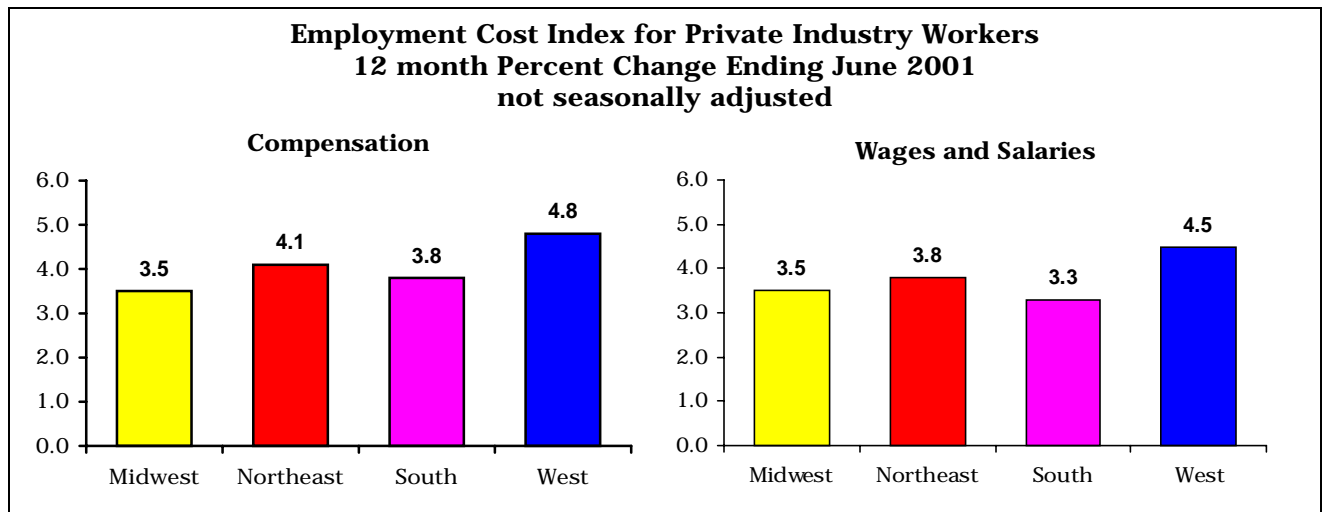
The Midwest Employment Cost Index (ECI) for total compensation increased 0.8 percent in the three months ended in June 2001, according to the U.S. Department of Labor's Bureau of Labor Statistics. This was down from a second-quarter increase of 1.2 percent in 2000 and below average second-quarter gains in the previous three years (1997-1999). The June 2001 ECI for the Midwest was 156.0 (June 1989 = 100). Midwest employee compensation costs for private industry workers rose 3.5 percent from a year ago. The latest annual increase was between a 4.9 percent gain in the previous 12 months ended in June 2000 and annual gains averaging 3.2 percent between March 1997 and March 1999. The ECI measures changes in compensation costs, including wages, salaries, and employer costs for employee benefits. The Midwest ECI is not seasonally adjusted.

Peter J. Hebein, Regional Commissioner of the Bureau in Chicago, said the second quarter rise in Midwest compensation costs was below gains of 1.4 percent in the Northeast and 1.1 percent in the West and equal to the 0.8 percent hike in the South. The national average ECI for private industry workers rose 1.0 percent from March 2001. (See table A.)

Compensation costs in the West rose 4.8 percent over the past 12 months, posting the largest rise among the regions. The 3.5 percent rise in the Midwest was

Table A. Percent changes in the Employment Cost Index for private industry workers, (not seasonally adjusted)

REGION	COMPENSATION						WAGES AND SALARIES					
	3 months ended			12 months ended			3 months ended			12 months ended		
	June 2000	Mar. 2001	June 2001	June 2000	Mar. 2001	June 2001	June 2000	Mar. 2001	June 2001	June 2000	Mar. 2001	June 2001
U.S. Average	1.2	1.4	1.0	4.6	4.2	4.0	1.0	1.2	1.0	4.1	3.8	3.8
Midwest	1.2	1.0	.8	4.9	4.0	3.5	1.2	.9	.9	4.3	3.9	3.5
Northeast	.9	.9	1.4	4.3	3.6	4.1	1.0	.9	1.3	4.0	3.5	3.8
South	1.2	1.7	.8	4.3	4.2	3.8	1.1	1.4	.7	3.7	3.7	3.3
West	1.2	1.6	1.1	4.7	5.0	4.8	1.1	1.4	1.1	4.4	4.6	4.5



comparable to the 3.8 percent gain in the South but below the 4.1 percent rise in the Northeast. Nationally, compensation costs in private industry rose 4.0 percent.

The Midwest ECI for wages and salaries rose 0.9 percent from March to June. This was below second quarter gains averaging 1.2 percent over the previous four years. The latest increase in Midwest wages and salaries compared with gains of 1.3 percent in the Northeast, 1.1 percent in the West and a 0.7 percent rise in the South.

Wages and salaries in the Midwest advanced 3.5 percent from June 2000 to June 2001. This was smaller than gains averaging 3.9 percent annually over the previous four years (1997-2000). The largest annual increases were found in the West and the Northeast where wages and salaries rose 4.5 and 3.8 percent last year, respectively. The 3.3 percent rise in the South was similar to the increase in the Midwest.

# # #

Note: ECI data for September 2001 is scheduled for release on Thursday, October 25, 2001 at 7:30 A.M. (CDT)

### EXPLANATORY NOTE

The "Midwest" Census Region includes the States of Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin.

The Employment Cost Index (ECI) is a measure of the change in the cost of labor, free from the influence of employment shifts among occupations and industries. The compensation series includes changes in wages and salaries and employer costs for employee benefits. The wage and salary series and the benefit cost series provide the change for the two components of compensation.

Wages and salaries are defined as the hourly straight-time rate or, for workers not paid on an hourly basis, earnings divided by the corresponding hours. Straight-time wage and salary rates are total earnings before payroll deductions, excluding premium pay for overtime and for work on weekends and holidays, and shift

differentials. Production bonuses, incentive earnings, commission payments, and cost-of-living adjustments are included in straight-time wage and salary rates.

Benefits covered by the ECI are: Paid leave (vacations, holidays, sick leave, and other leave); supplemental pay (premium pay for overtime, shift differentials, and non production bonuses such as lump-sum payments provided in lieu of wage increases); insurance benefits (life, health, and sickness and accident); retirement and savings benefits (pension and other retirement plans and savings and thrift plans); legally required benefits (social security, railroad retirement and supplemental retirement, railroad unemployment insurance, Federal and State unemployment insurance, workers' compensation, and other legally required benefits such as State temporary disability); and other benefits (severance pay and supplemental unemployment plans).

The ECI provides data for the civilian economy, which includes the total private economy and public sector--excluding farms, households, and the Federal government. The private industry series and the State and local government series provide data for the two sectors separately.

Each quarter, straight-time average hourly wage and salary rates and benefits cost data (cents-per-hour-worked) are collected from a national probability sample of approximately 19,000 occupations within over 4,500 sample establishments in private industry and nearly 4,200 occupations within 800 sample establishments in State and local governments. Data are collected for the pay period including the 12th day of the survey months of March, June, September and December.

More detailed information on the ECI is available in several sources. These include an annual bulletin, Employment Cost Indexes and Levels, 1975-99, (Bulletin 2532 \$31.00); chapter 8 in the BLS Handbook of Methods (Bulletin 2490, \$20.00), and several articles published in the Monthly Labor Review. Detailed statistics on employer cost levels are available in a newly published report, Employer Costs for Employee Compensation, 1986-99, (Bulletin 2526, \$32.00). These bulletins are available from the BLS Publication Sales Center, PO Box 2145, Chicago, Illinois, 60690 (312-353-1880). Current and historical ECI data are available on the Internet at: <http://www.bls.gov/ecthome.htm>.

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Text.....	4110	Table 8 .....	4125
Tables 1-4 .....	4115	Explanatory notes .....	4190
Tables 5-7 .....	4120		

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**Table 1. Employment Cost Index for total compensation and for wages and salaries only, private industry workers, United States and Census regions (not seasonally adjusted)**

	Indexes					Percent Change									
	(June 1989=100)					Over the Quarter					Over the Year				
	U.S. Avg.	Mid- west	North -east	South	West	U.S. Avg.	Mid- west	North -east	South	West	U.S. Avg.	Mid- west	North -east	South	West
COMPENSATION															
(Including wages, salaries, and employer costs for employee benefits)															
June 96	129.0	130.7	129.7	127.8	127.3	.9	.9	.6	.6	1.1	2.9	3.0	2.4	2.8	3.2
Sept.	129.8	131.3	130.6	128.8	128.3	.6	.5	.7	.8	.8	2.9	2.8	2.5	2.9	3.6
Dec.	130.6	132.1	131.1	129.7	128.9	.6	.6	.4	.7	.5	3.1	3.0	2.6	3.3	3.1
Mar. 97	131.7	133.3	132.2	130.8	130.3	.8	.9	.8	.8	1.1	3.0	2.9	2.6	3.0	3.5
June	132.8	134.7	133.1	131.5	131.4	.8	1.1	.7	.5	.8	2.9	3.1	2.6	2.9	3.2
Sept.	133.9	136.2	134.0	132.5	132.5	.8	1.1	.7	.8	.8	3.2	3.7	2.6	2.9	3.3
Dec.	135.1	136.9	135.0	134.6	133.4	.9	.5	.7	1.6	.7	3.4	3.6	3.0	3.8	3.5
Mar. 98	136.3	138.3	136.0	135.5	135.2	.9	1.0	.7	.7	1.3	3.5	3.8	2.9	3.6	3.8
June	137.5	139.6	137.0	136.4	136.6	.9	.9	.7	.7	1.0	3.5	3.6	2.9	3.7	4.0
Sept.	139.0	140.9	138.7	137.6	138.5	1.1	.9	1.2	.9	1.4	3.8	3.5	3.5	3.8	4.5
Dec.	139.8	141.4	139.5	138.1	140.0	.6	.4	.6	.4	1.1	3.5	3.3	3.3	2.6	4.9
Mar. 99	140.4	141.7	140.5	139.1	140.3	.4	.2	.7	.7	.2	3.0	2.5	3.3	2.7	3.8
June	142.0	143.6	141.5	140.7	142.1	1.1	1.3	.7	1.2	1.3	3.3	2.9	3.3	3.2	4.0
Sept.	143.3	145.0	143.2	141.8	143.3	.9	1.0	1.2	.8	.8	3.1	2.9	3.2	3.1	3.5
Dec.	144.6	146.3	144.3	143.0	144.7	.9	.9	.8	.8	1.0	3.4	3.5	3.4	3.5	3.4
Mar. 00	146.8	148.9	146.3	145.0	147.0	1.5	1.8	1.4	1.4	1.6	4.6	5.1	4.1	4.2	4.8
June	148.5	150.7	147.6	146.7	148.8	1.2	1.2	.9	1.2	1.2	4.6	4.9	4.3	4.3	4.7
Sept.	149.9	152.2	149.3	147.6	150.8	.9	1.0	1.2	.6	1.3	4.6	5.0	4.3	4.1	5.2
Dec.	150.9	153.3	150.3	148.6	151.8	.7	.7	.7	.7	.7	4.4	4.8	4.2	3.9	4.9
Mar. 01	153.0	154.8	151.6	151.1	154.3	1.4	1.0	.9	1.7	1.6	4.2	4.0	3.6	4.2	5.0
June 01	154.5	156.0	153.7	152.3	156.0	1.0	.8	1.4	.8	1.1	4.0	3.5	4.1	3.8	4.8
WAGES AND SALARIES ONLY															
June 96	125.6	126.2	126.0	125.1	124.8	1.0	.9	.9	.8	1.2	3.4	3.3	3.2	3.6	3.2
Sept.	126.5	126.9	127.0	126.0	125.8	.7	.6	.8	.7	.8	3.3	3.2	3.2	3.4	3.6
Dec.	127.3	127.7	127.7	127.0	126.5	.6	.6	.6	.8	.6	3.4	3.3	3.3	3.8	3.1
Mar. 97	128.6	129.0	128.8	128.5	127.7	1.0	1.0	.9	1.2	.9	3.4	3.1	3.1	3.5	3.6
June	129.7	130.4	129.8	129.4	128.9	.9	1.1	.8	.7	.9	3.3	3.3	3.0	3.4	3.3
Sept.	131.0	132.2	130.7	130.6	130.2	1.0	1.4	.7	.9	1.0	3.6	4.2	2.9	3.7	3.5
Dec.	132.3	133.0	131.6	133.0	131.2	1.0	.6	.7	1.8	.8	3.9	4.2	3.1	4.7	3.7
Mar. 98	133.7	134.7	132.6	134.0	132.9	1.1	1.3	.8	.8	1.3	4.0	4.4	3.0	4.3	4.1
June	134.9	136.0	133.8	134.9	134.5	.9	1.0	.9	.7	1.2	4.0	4.3	3.1	4.3	4.3
Sept.	136.6	137.5	135.4	136.5	136.7	1.3	1.1	1.2	1.2	1.6	4.3	4.0	3.6	4.5	5.0
Dec.	137.4	138.0	136.4	136.7	138.4	.6	.4	.7	.1	1.2	3.9	3.8	3.6	2.8	5.5
Mar. 99	138.1	138.9	137.1	137.9	138.2	.5	.7	.5	.9	-.1	3.3	3.1	3.4	2.9	4.0
June	139.7	141.0	138.2	139.4	140.2	1.2	1.5	.8	1.1	1.4	3.6	3.7	3.3	3.3	4.2
Sept.	141.0	142.4	139.9	140.2	141.3	.9	1.0	1.2	.6	.8	3.2	3.6	3.3	2.7	3.4
Dec.	142.2	143.6	140.9	141.5	142.6	.9	.8	.7	.9	.9	3.5	4.1	3.3	3.5	3.0
Mar. 00	143.9	145.3	142.3	143.0	144.7	1.2	1.2	1.0	1.1	1.5	4.2	4.6	3.8	3.7	4.7
June	145.4	147.1	143.7	144.6	146.3	1.0	1.2	1.0	1.1	1.1	4.1	4.3	4.0	3.7	4.4
Sept.	146.8	148.6	145.3	145.3	148.2	1.0	1.0	1.1	.5	1.3	4.1	4.4	3.9	3.6	4.9
Dec.	147.7	149.6	146.0	146.3	149.2	.6	.7	.5	.7	.7	3.9	4.2	3.6	3.4	4.6
Mar. 01	149.4	150.9	147.3	148.3	151.3	1.2	.9	.9	1.4	1.4	3.8	3.9	3.5	3.7	4.6
June	150.9	152.3	149.2	149.3	152.9	1.0	.9	1.3	.7	1.1	3.8	3.5	3.8	3.3	4.5

